

Facts Regarding the Possible Purchase of the Cotton Bottom Inn

The City has entered into a Real Estate Purchase Contract (REPC) to purchase the Cotton Bottom Inn, consisting of three lots, totaling 0.84 acres, on the southwest corner of Holladay Boulevard at 6200 South. The City offered to pay fair-market value after the property was publicly listed for sale on the Multiple Listing Service (MLS). The owners of the Cotton Bottom Inn accepted the City's offer and the property is under contract. The contract is a fair market value arrived at with arm's length negotiation between the parties and no condemnation proceeding were or are contemplated.

The Holladay City Attorney has opined that the terms of the REPC are confidential.

The land is currently zoned Residential-Multifamily (R-M), which permits uses such as office and apartments.

The General Plan for the area shows the adjacent area to the south as Knudsen Park. The existing Tuscany and Franc's restaurants are across the street to the east. There is one private residence two lots to the south.

See *Figures 1 and 2 below* for an aerial and plan view of the area.

The remaining property in the area consists of the 8.31 acres currently owned by Holladay for the planned Knudsen Park, the City Council decided to enter into a REPC in order to control how the land will be developed.

This is a one-time opportunity to expand Holladay's limited open space and trail system. Other than City Hall Park, Knudsen Park is Holladay's only other public park. (There are other pocket parks, including Stratton Park, Olympus Pines Park, and a strip of land on 45th South at Butternut). The Big Cottonwood Regional Park on Murray-Holladay Road is a County facility.

What is included?

The land, all improvements, and the business are included. The tavern liquor license to sell beer is not included.

What happens to the Cotton Bottom Inn?

Holladay would have the option, but not a requirement, to lease the business back to the current owner or a new operator until such time as the City decides to redevelop the parcel. We also have the option of closing the business or selling the rights to the business to be operated elsewhere by someone in the private sector.

What are the Possible Future Uses?

Park and Open Space: Inclusion of some or all of the land into the adjoining parcels already owned by Holladay for Knudsen Park is the most likely outcome. An approved Master Plan for Knudsen Park has been adopted by the City Council Appendix J - Knudsen Park - [Phase 1](#) and [Phase 2](#). (Click to load or go to www.cityofholladay.com/planningzoningmap.masterplan.html)

Trails: The unbuildable area along the east bank Big Cottonwood Creek could be used to create a trail connection from 6200 South into Knudsen Park. That trail would continue through Knudsen Park and connect to Cottonwood Heights's existing Old Mill Trail, which leads to the mouth of Big Cottonwood Canyon at Wasatch Blvd and the Bonneville Shoreline Trail.

Sold to Private Developer: Some or all of the land could also be sold back to a private developer should the City Council determines that it is not needed for a public purpose. The land could be rezoned from the existing R-M Zoning prior to re-sale.

Fire Station: The City Council and the United Fire Authority have recognized for some time that Holladay needs a second fire station somewhere in the south side of Holladay. The City had already been seeking a location in the area for a fire station when the Cotton Bottom Inn was listed for sale. Presently, Holladay pays Cottonwood Heights approximately \$150,000 annually to provide service to Holladay from UFA Station 110 on Fort Union Blvd. If Holladay were to build our own station, that annual expense would not be needed. More importantly, response times for fires and medical emergencies would be reduced.

Public Uses: Combining the public aspects of Knudsen Park and a fire station creates a unique opportunity to add public facilities, such as parking for a trail head, rest rooms, etc, as a public building complex that is staffed 24 hours a day for security.

Schedule

The REPC is set to close by May 1st and the City Council intends to vote on the funding for the purchase on Thursday April 24, 2014 during the council meeting beginning at 6 pm.

Funding

At the request of the City Manager, Zions Bank has proposed a taxable lease/purchase financial instrument to enable the purchase.

At closing, the title to the property would be fully vested and owned outright by the City of Holladay. Zions Bank would fund the purchase price in exchange for a 20 year lease agreement. The lease rate would be approximately 3.4 percent with closing costs of \$3,000. There is no prepayment penalty, meaning the debt could be repaid at any time, without penalty.

Other Revenue Sources

The taxable aspect of the lease/purchase agreement would allow Holladay to lease the business back to the current owner or to a new operator. The proceeds from the business lease could be used to reduce the lease payments to Zions Bank.

The rights to the Cotton Bottom Inn as a business entity are included in the REPC. The business could be leased or sold outright by Holladay and the proceeds applied to reducing the lease.

For More Information

Contact City Manager Randy Fitts, Mayor Rob Dahle, or your Council Member for more information or express your views on purchasing the Cotton Bottom Inn.

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Aerial View of Cotton Bottom Properties outlined in yellow adjacent to Holladay's Knudsen Park property outlined in green.



Figure

1.

Aerial

View

Cotton Bottom Property Highlighted in Yellow shown in relation to Knudsen Park Master Plan

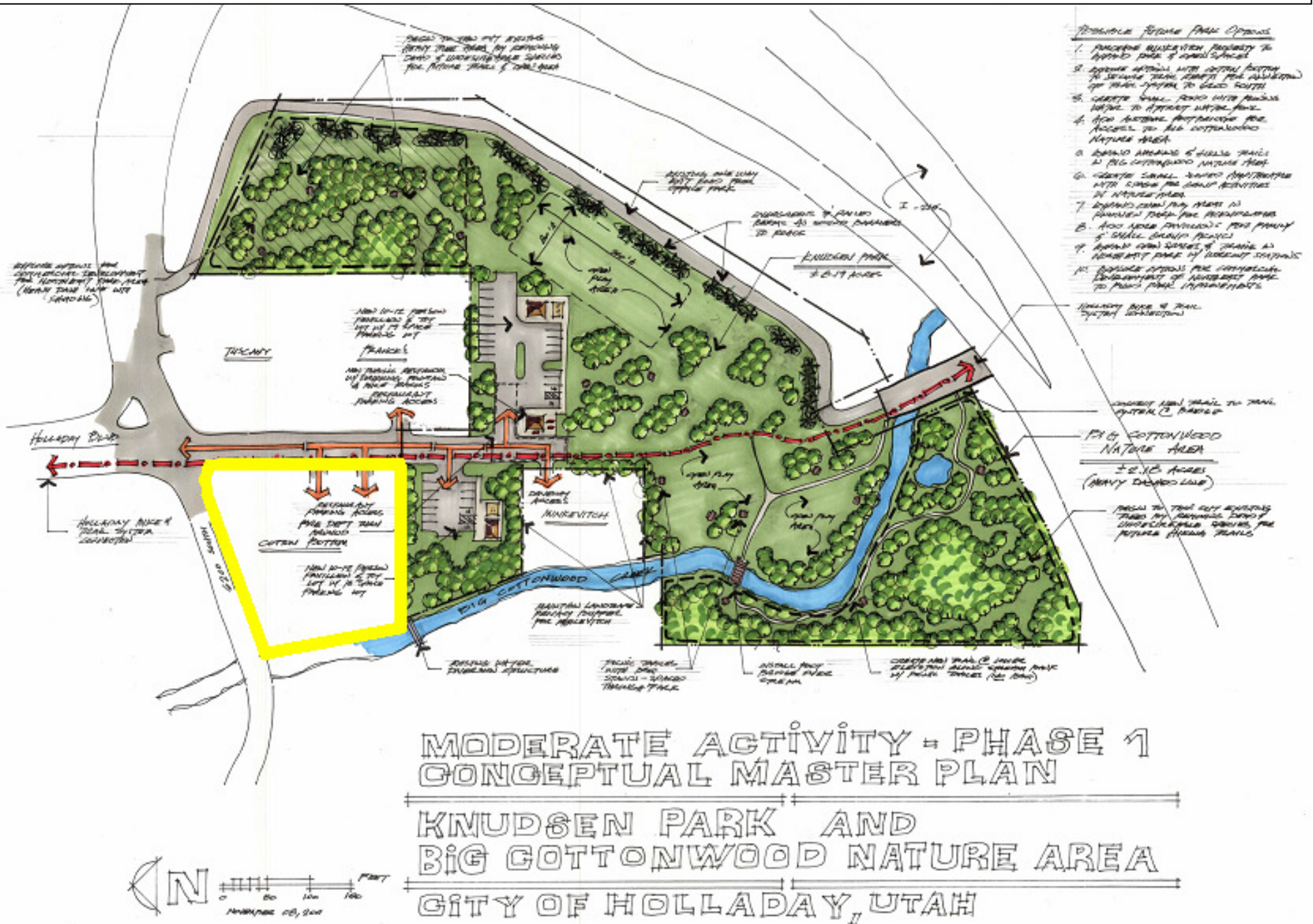


Figure 2. Master Plan View